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ENGROSSED SUBSTITUTE SENATE BILL 5848

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State of Washington

56th Legislature

1999 Regular Session

By Senate Committee on Health & Long-Term Care (originally sponsored by Senators Hargrove, Hochstatter, Thibaudeau and Oke)

Read first time 03/03/99.

1 AN ACT Relating to the basic health plan; amending RCW 70.47.010,  
2 70.47.020, 70.47.100, 41.05.140, and 43.79A.040; reenacting and  
3 amending RCW 70.47.060; and providing an expiration date.

4 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF WASHINGTON:

5 **Sec. 1.** RCW 70.47.010 and 1993 c 492 s 208 are each amended to  
6 read as follows:

7 (1)(a) The legislature finds that limitations on access to health  
8 care services for enrollees in the state, such as in rural and  
9 underserved areas, are particularly challenging for the basic health  
10 plan. Statutory restrictions have reduced the options available to the  
11 administrator to address the access needs of basic health plan  
12 enrollees. It is the intent of the legislature to authorize the  
13 administrator to develop alternative purchasing strategies to ensure  
14 access to basic health plan enrollees in all areas of the state,  
15 including: (i) The use of differential rating for managed health care  
16 systems based on geographic differences in costs; and (ii) until  
17 January 1, 2004, limited use of self-insurance in areas where adequate  
18 access cannot be assured through other options.

1       (b) In developing alternative purchasing strategies to address  
2 health care access needs, the administrator shall consult with  
3 interested persons including health carriers, health care providers,  
4 and health facilities, and with other appropriate state agencies  
5 including the office of the insurance commissioner and the office of  
6 community and rural health. In pursuing such alternatives, the  
7 administrator shall continue to give priority to prepaid managed care  
8 as the preferred method of assuring access to basic health plan  
9 enrollees.

10       (2) The legislature further finds that:

11       (a) A significant percentage of the population of this state does  
12 not have reasonably available insurance or other coverage of the costs  
13 of necessary basic health care services;

14       (b) This lack of basic health care coverage is detrimental to the  
15 health of the individuals lacking coverage and to the public welfare,  
16 and results in substantial expenditures for emergency and remedial  
17 health care, often at the expense of health care providers, health care  
18 facilities, and all purchasers of health care, including the state; and

19       (c) The use of managed health care systems has significant  
20 potential to reduce the growth of health care costs incurred by the  
21 people of this state generally, and by low-income pregnant women, and  
22 at-risk children and adolescents who need greater access to managed  
23 health care.

24       (~~(+2)~~) (3) The purpose of this chapter is to provide or make more  
25 readily available necessary basic health care services in an  
26 appropriate setting to working persons and others who lack coverage, at  
27 a cost to these persons that does not create barriers to the  
28 utilization of necessary health care services. To that end, this  
29 chapter establishes a program to be made available to those residents  
30 not eligible for medicare who share in a portion of the cost or who pay  
31 the full cost of receiving basic health care services from a managed  
32 health care system.

33       (~~(+3)~~) (4) It is not the intent of this chapter to provide health  
34 care services for those persons who are presently covered through  
35 private employer-based health plans, nor to replace employer-based  
36 health plans. However, the legislature recognizes that cost-effective  
37 and affordable health plans may not always be available to small  
38 business employers. Further, it is the intent of the legislature to

1 expand, wherever possible, the availability of private health care  
2 coverage and to discourage the decline of employer-based coverage.

3 ~~((+4))~~ (5)(a) It is the purpose of this chapter to acknowledge the  
4 initial success of this program that has (i) assisted thousands of  
5 families in their search for affordable health care; (ii) demonstrated  
6 that low-income, uninsured families are willing to pay for their own  
7 health care coverage to the extent of their ability to pay; and (iii)  
8 proved that local health care providers are willing to enter into a  
9 public-private partnership as a managed care system.

10 (b) As a consequence, the legislature intends to extend an option  
11 to enroll to certain citizens above two hundred percent of the federal  
12 poverty guidelines within the state who reside in communities where the  
13 plan is operational and who collectively or individually wish to  
14 exercise the opportunity to purchase health care coverage through the  
15 basic health plan if the purchase is done at no cost to the state. It  
16 is also the intent of the legislature to allow employers and other  
17 financial sponsors to financially assist such individuals to purchase  
18 health care through the program so long as such purchase does not  
19 result in a lower standard of coverage for employees.

20 (c) The legislature intends that, to the extent of available funds,  
21 the program be available throughout Washington state to subsidized and  
22 nonsubsidized enrollees. It is also the intent of the legislature to  
23 enroll subsidized enrollees first, to the maximum extent feasible.

24 (d) The legislature directs that the basic health plan  
25 administrator identify enrollees who are likely to be eligible for  
26 medical assistance and assist these individuals in applying for and  
27 receiving medical assistance. The administrator and the department of  
28 social and health services shall implement a seamless system to  
29 coordinate eligibility determinations and benefit coverage for  
30 enrollees of the basic health plan and medical assistance recipients.

31 **Sec. 2.** RCW 70.47.020 and 1997 c 335 s 1 are each amended to read  
32 as follows:

33 As used in this chapter:

34 (1) "Washington basic health plan" or "plan" means the system of  
35 enrollment and payment ~~((on a prepaid capitated basis))~~ for basic  
36 health care services, administered by the plan administrator through  
37 participating managed health care systems, created by this chapter.

1 (2) "Administrator" means the Washington basic health plan  
2 administrator, who also holds the position of administrator of the  
3 Washington state health care authority.

4 (3) "Managed health care system" means: (a) Any health care  
5 organization, including health care providers, insurers, health care  
6 service contractors, health maintenance organizations, or any  
7 combination thereof, that provides directly or by contract basic health  
8 care services, as defined by the administrator and rendered by duly  
9 licensed providers, ((on a prepaid capitated basis)) to a defined  
10 patient population enrolled in the plan and in the managed health care  
11 system; or (b) until January 1, 2004, a self-funded or self-insured  
12 method of providing insurance coverage to subsidized enrollees provided  
13 under RCW 41.05.140 and subject to the limitations under RCW  
14 70.47.100(6).

15 (4) "Subsidized enrollee" means an individual, or an individual  
16 plus the individual's spouse or dependent children: (a) Who is not  
17 eligible for medicare; (b) who is not confined or residing in a  
18 government-operated institution, unless he or she meets eligibility  
19 criteria adopted by the administrator; (c) who resides in an area of  
20 the state served by a managed health care system participating in the  
21 plan; (d) whose gross family income at the time of enrollment does not  
22 exceed twice the federal poverty level as adjusted for family size and  
23 determined annually by the federal department of health and human  
24 services; and (e) who chooses to obtain basic health care coverage from  
25 a particular managed health care system in return for periodic payments  
26 to the plan.

27 (5) "Nonsubsidized enrollee" means an individual, or an individual  
28 plus the individual's spouse or dependent children: (a) Who is not  
29 eligible for medicare; (b) who is not confined or residing in a  
30 government-operated institution, unless he or she meets eligibility  
31 criteria adopted by the administrator; (c) who resides in an area of  
32 the state served by a managed health care system participating in the  
33 plan; (d) who chooses to obtain basic health care coverage from a  
34 particular managed health care system; and (e) who pays or on whose  
35 behalf is paid the full costs for participation in the plan, without  
36 any subsidy from the plan.

37 (6) "Subsidy" means the difference between the amount of periodic  
38 payment the administrator makes to a managed health care system on  
39 behalf of a subsidized enrollee plus the administrative cost to the

1 plan of providing the plan to that subsidized enrollee, and the amount  
2 determined to be the subsidized enrollee's responsibility under RCW  
3 70.47.060(2).

4 (7) "Premium" means a periodic payment, based upon gross family  
5 income which an individual, their employer or another financial sponsor  
6 makes to the plan as consideration for enrollment in the plan as a  
7 subsidized enrollee or a nonsubsidized enrollee.

8 (8) "Rate" means the ((per capita)) amount, negotiated by the  
9 administrator with and paid to a participating managed health care  
10 system, that is based upon the enrollment of subsidized and  
11 nonsubsidized enrollees in the plan and in that system.

12 **Sec. 3.** RCW 70.47.060 and 1998 c 314 s 17 and 1998 c 148 s 1 are  
13 each reenacted and amended to read as follows:

14 The administrator has the following powers and duties:

15 (1) To design and from time to time revise a schedule of covered  
16 basic health care services, including physician services, inpatient and  
17 outpatient hospital services, prescription drugs and medications, and  
18 other services that may be necessary for basic health care. In  
19 addition, the administrator may, to the extent that funds are  
20 available, offer as basic health plan services chemical dependency  
21 services, mental health services and organ transplant services;  
22 however, no one service or any combination of these three services  
23 shall increase the actuarial value of the basic health plan benefits by  
24 more than five percent excluding inflation, as determined by the office  
25 of financial management. All subsidized and nonsubsidized enrollees in  
26 any participating managed health care system under the Washington basic  
27 health plan shall be entitled to receive covered basic health care  
28 services in return for premium payments to the plan. The schedule of  
29 services shall emphasize proven preventive and primary health care and  
30 shall include all services necessary for prenatal, postnatal, and well-  
31 child care. However, with respect to coverage for groups of subsidized  
32 enrollees who are eligible to receive prenatal and postnatal services  
33 through the medical assistance program under chapter 74.09 RCW, the  
34 administrator shall not contract for such services except to the extent  
35 that such services are necessary over not more than a one-month period  
36 in order to maintain continuity of care after diagnosis of pregnancy by  
37 the managed care provider. The schedule of services shall also include  
38 a separate schedule of basic health care services for children,

1 eight years of age and younger, for those subsidized or  
2 nonsubsidized enrollees who choose to secure basic coverage through the  
3 plan only for their dependent children. In designing and revising the  
4 schedule of services, the administrator shall consider the guidelines  
5 for assessing health services under the mandated benefits act of 1984,  
6 RCW 48.47.030, and such other factors as the administrator deems  
7 appropriate.

8 However, with respect to coverage for subsidized enrollees who are  
9 eligible to receive prenatal and postnatal services through the medical  
10 assistance program under chapter 74.09 RCW, the administrator shall not  
11 contract for such services except to the extent that the services are  
12 necessary over not more than a one-month period in order to maintain  
13 continuity of care after diagnosis of pregnancy by the managed care  
14 provider.

15 (2)(a) To design and implement a structure of periodic premiums due  
16 the administrator from subsidized enrollees that is based upon gross  
17 family income, giving appropriate consideration to family size and the  
18 ages of all family members. The enrollment of children shall not  
19 require the enrollment of their parent or parents who are eligible for  
20 the plan. The structure of periodic premiums shall be applied to  
21 subsidized enrollees entering the plan as individuals pursuant to  
22 subsection (9) of this section and to the share of the cost of the plan  
23 due from subsidized enrollees entering the plan as employees pursuant  
24 to subsection (10) of this section.

25 (b) To determine the periodic premiums due the administrator from  
26 nonsubsidized enrollees. Premiums due from nonsubsidized enrollees  
27 shall be in an amount equal to the cost charged by the managed health  
28 care system provider to the state for the plan plus the administrative  
29 cost of providing the plan to those enrollees and the premium tax under  
30 RCW 48.14.0201.

31 (c) An employer or other financial sponsor may, with the prior  
32 approval of the administrator, pay the premium, rate, or any other  
33 amount on behalf of a subsidized or nonsubsidized enrollee, by  
34 arrangement with the enrollee and through a mechanism acceptable to the  
35 administrator.

36 (d) To develop, as an offering by every health carrier providing  
37 coverage identical to the basic health plan, as configured on January  
38 1, 1996, a basic health plan model plan with uniformity in enrollee  
39 cost-sharing requirements.

1 (3) To design and implement a structure of enrollee cost sharing  
2 due a managed health care system from subsidized and nonsubsidized  
3 enrollees. The structure shall discourage inappropriate enrollee  
4 utilization of health care services, and may utilize copayments,  
5 deductibles, and other cost-sharing mechanisms, but shall not be so  
6 costly to enrollees as to constitute a barrier to appropriate  
7 utilization of necessary health care services.

8 (4) To limit enrollment of persons who qualify for subsidies so as  
9 to prevent an overexpenditure of appropriations for such purposes.  
10 Whenever the administrator finds that there is danger of such an  
11 overexpenditure, the administrator shall close enrollment until the  
12 administrator finds the danger no longer exists.

13 (5) To limit the payment of subsidies to subsidized enrollees, as  
14 defined in RCW 70.47.020. The level of subsidy provided to persons who  
15 qualify may be based on the lowest cost plans, as defined by the  
16 administrator.

17 (6) To adopt a schedule for the orderly development of the delivery  
18 of services and availability of the plan to residents of the state,  
19 subject to the limitations contained in RCW 70.47.080 or any act  
20 appropriating funds for the plan.

21 (7) To solicit and accept applications from managed health care  
22 systems, as defined in this chapter, for inclusion as eligible basic  
23 health care providers under the plan. The administrator shall endeavor  
24 to assure that covered basic health care services are available to any  
25 enrollee of the plan from among a selection of two or more  
26 participating managed health care systems. In adopting any rules or  
27 procedures applicable to managed health care systems and in its  
28 dealings with such systems, the administrator shall consider and make  
29 suitable allowance for the need for health care services and the  
30 differences in local availability of health care resources, along with  
31 other resources, within and among the several areas of the state.  
32 Contracts with participating managed health care systems shall ensure  
33 that basic health plan enrollees who become eligible for medical  
34 assistance may, at their option, continue to receive services from  
35 their existing providers within the managed health care system if such  
36 providers have entered into provider agreements with the department of  
37 social and health services.

38 (8) To receive periodic premiums from or on behalf of subsidized  
39 and nonsubsidized enrollees, deposit them in the basic health plan

1 operating account, keep records of enrollee status, and authorize  
2 periodic payments to managed health care systems on the basis of the  
3 number of enrollees participating in the respective managed health care  
4 systems.

5 (9) To accept applications from individuals residing in areas  
6 served by the plan, on behalf of themselves and their spouses and  
7 dependent children, for enrollment in the Washington basic health plan  
8 as subsidized or nonsubsidized enrollees, to establish appropriate  
9 minimum-enrollment periods for enrollees as may be necessary, and to  
10 determine, upon application and on a reasonable schedule defined by the  
11 authority, or at the request of any enrollee, eligibility due to  
12 current gross family income for sliding scale premiums. Funds received  
13 by a family as part of participation in the adoption support program  
14 authorized under RCW 26.33.320 and 74.13.100 through 74.13.145 shall  
15 not be counted toward a family's current gross family income for the  
16 purposes of this chapter. When an enrollee fails to report income or  
17 income changes accurately, the administrator shall have the authority  
18 either to bill the enrollee for the amounts overpaid by the state or to  
19 impose civil penalties of up to two hundred percent of the amount of  
20 subsidy overpaid due to the enrollee incorrectly reporting income. The  
21 administrator shall adopt rules to define the appropriate application  
22 of these sanctions and the processes to implement the sanctions  
23 provided in this subsection, within available resources. No subsidy  
24 may be paid with respect to any enrollee whose current gross family  
25 income exceeds twice the federal poverty level or, subject to RCW  
26 70.47.110, who is a recipient of medical assistance or medical care  
27 services under chapter 74.09 RCW. If a number of enrollees drop their  
28 enrollment for no apparent good cause, the administrator may establish  
29 appropriate rules or requirements that are applicable to such  
30 individuals before they will be allowed to reenroll in the plan.

31 (10) To accept applications from business owners on behalf of  
32 themselves and their employees, spouses, and dependent children, as  
33 subsidized or nonsubsidized enrollees, who reside in an area served by  
34 the plan. The administrator may require all or the substantial  
35 majority of the eligible employees of such businesses to enroll in the  
36 plan and establish those procedures necessary to facilitate the orderly  
37 enrollment of groups in the plan and into a managed health care system.  
38 The administrator may require that a business owner pay at least an  
39 amount equal to what the employee pays after the state pays its portion



1 of the subsidized premium cost of the plan on behalf of each employee  
2 enrolled in the plan. Enrollment is limited to those not eligible for  
3 medicare who wish to enroll in the plan and choose to obtain the basic  
4 health care coverage and services from a managed care system  
5 participating in the plan. The administrator shall adjust the amount  
6 determined to be due on behalf of or from all such enrollees whenever  
7 the amount negotiated by the administrator with the participating  
8 managed health care system or systems is modified or the administrative  
9 cost of providing the plan to such enrollees changes.

10 (11) To determine the rate to be paid to each participating managed  
11 health care system in return for the provision of covered basic health  
12 care services to enrollees in the system. Although the schedule of  
13 covered basic health care services will be the same or actuarially  
14 equivalent for similar enrollees, the rates negotiated with  
15 participating managed health care systems may vary among the systems.  
16 In negotiating rates with participating systems, the administrator  
17 shall consider the characteristics of the populations served by the  
18 respective systems, economic circumstances of the local area, the need  
19 to conserve the resources of the basic health plan trust account, and  
20 other factors the administrator finds relevant.

21 (12) To monitor the provision of covered services to enrollees by  
22 participating managed health care systems in order to assure enrollee  
23 access to good quality basic health care, to require periodic data  
24 reports concerning the utilization of health care services rendered to  
25 enrollees in order to provide adequate information for evaluation, and  
26 to inspect the books and records of participating managed health care  
27 systems to assure compliance with the purposes of this chapter. In  
28 requiring reports from participating managed health care systems,  
29 including data on services rendered enrollees, the administrator shall  
30 endeavor to minimize costs, both to the managed health care systems and  
31 to the plan. The administrator shall coordinate any such reporting  
32 requirements with other state agencies, such as the insurance  
33 commissioner and the department of health, to minimize duplication of  
34 effort.

35 (13) To evaluate the effects this chapter has on private employer-  
36 based health care coverage and to take appropriate measures consistent  
37 with state and federal statutes that will discourage the reduction of  
38 such coverage in the state.

1 (14) To develop a program of proven preventive health measures and  
2 to integrate it into the plan wherever possible and consistent with  
3 this chapter.

4 (15) To provide, consistent with available funding, assistance for  
5 rural residents, underserved populations, and persons of color.

6 (16) In consultation with appropriate state and local government  
7 agencies, to establish criteria defining eligibility for persons  
8 confined or residing in government-operated institutions.

9 **Sec. 4.** RCW 70.47.100 and 1987 1st ex.s. c 5 s 12 are each amended  
10 to read as follows:

11 (1) A managed health care systems participating in the plan shall  
12 do so by contract with the administrator and shall provide, directly or  
13 by contract with other health care providers, covered basic health care  
14 services to each enrollee covered by its contract with the  
15 administrator as long as payments from the administrator on behalf of  
16 the enrollee are current. A participating managed health care system  
17 may offer, without additional cost, health care benefits or services  
18 not included in the schedule of covered services under the plan. A  
19 participating managed health care system shall not give preference in  
20 enrollment to enrollees who accept such additional health care benefits  
21 or services. Managed health care systems participating in the plan  
22 shall not discriminate against any potential or current enrollee based  
23 upon health status, sex, race, ethnicity, or religion. The  
24 administrator may receive and act upon complaints from enrollees  
25 regarding failure to provide covered services or efforts to obtain  
26 payment, other than authorized copayments, for covered services  
27 directly from enrollees, but nothing in this chapter empowers the  
28 administrator to impose any sanctions under Title 18 RCW or any other  
29 professional or facility licensing statute.

30 (2) The plan shall allow, at least annually, an opportunity for  
31 enrollees to transfer their enrollments among participating managed  
32 health care systems serving their respective areas. The administrator  
33 shall establish a period of at least twenty days in a given year when  
34 this opportunity is afforded enrollees, and in those areas served by  
35 more than one participating managed health care system the  
36 administrator shall endeavor to establish a uniform period for such  
37 opportunity. The plan shall allow enrollees to transfer their

1 enrollment to another participating managed health care system at any  
2 time upon a showing of good cause for the transfer.

3 ~~((Any contract between a hospital and a participating managed  
4 health care system under this chapter is subject to the requirements of  
5 RCW 70.39.140(1) regarding negotiated rates.))~~

6 (3) Prior to negotiating with any managed health care system, the  
7 administrator shall determine, on an actuarially sound basis, the  
8 reasonable cost of providing the schedule of basic health care  
9 services, expressed in terms of upper and lower limits, and recognizing  
10 variations in the cost of providing the services through the various  
11 systems and in different areas of the state.

12 (4) In negotiating with managed health care systems for  
13 participation in the plan, the administrator shall adopt a uniform  
14 procedure that includes at least the following:

15 ~~((1))~~ (a) The administrator shall issue a request for proposals,  
16 including standards regarding the quality of services to be provided;  
17 financial integrity of the responding systems; and responsiveness to  
18 the unmet health care needs of the local communities or populations  
19 that may be served;

20 ~~((2))~~ (b) The administrator shall then review responsive  
21 proposals and may negotiate with respondents to the extent necessary to  
22 refine any proposals;

23 ~~((3))~~ (c) The administrator may then select one or more systems  
24 to provide the covered services within a local area; and

25 ~~((4))~~ (d) The administrator may adopt a policy that gives  
26 preference to respondents, such as nonprofit community health clinics,  
27 that have a history of providing quality health care services to low-  
28 income persons.

29 (5) The administrator may establish procedures and policies to  
30 further negotiate and contract with managed health care systems  
31 following completion of the request for proposal process in subsection  
32 (4) of this section, upon a determination by the administrator that it  
33 is necessary to provide access to covered basic health care services  
34 for enrollees.

35 (6) Until January 1, 2004, the administrator may utilize a self-  
36 funded or self-insured method of providing insurance coverage to  
37 subsidized enrollees provided under RCW 41.05.140 if: (a) It is  
38 necessary to provide access to covered basic health care services for  
39 subsidized enrollees; (b) funding for adequate reserves is available in

1 the basic health plan self-insurance reserve account; and (c) other  
2 options for providing access to covered basic health care services for  
3 subsidized enrollees are not feasible.

4 **Sec. 5.** RCW 41.05.140 and 1994 c 153 s 10 are each amended to read  
5 as follows:

6 (1) Except for property and casualty insurance, the authority may  
7 self-fund, self-insure, or enter into other methods of providing  
8 insurance coverage for insurance programs under its jurisdiction  
9 ((except property and casualty insurance)), including the basic health  
10 plan as provided in chapter 70.47 RCW. The authority shall contract  
11 for payment of claims or other administrative services for programs  
12 under its jurisdiction. If a program does not require the prepayment  
13 of reserves, the authority shall establish such reserves within a  
14 reasonable period of time for the payment of claims as are normally  
15 required for that type of insurance under an insured program.

16 (2) Reserves established by the authority for employee and retiree  
17 benefit programs shall be held in a separate trust fund by the state  
18 treasurer and shall be known as the public employees' and retirees'  
19 insurance reserve fund. The state investment board shall act as the  
20 investor for the funds and, except as provided in RCW 43.33A.160, one  
21 hundred percent of all earnings from these investments shall accrue  
22 directly to the public employees' and retirees' insurance reserve fund.

23 (3) Any savings realized as a result of a program created for  
24 employees and retirees under this section shall not be used to increase  
25 benefits unless such use is authorized by statute.

26 (4) Reserves established by the authority to provide insurance  
27 coverage for the basic health plan under chapter 70.47 RCW shall be  
28 held in a separate trust account in the custody of the state treasurer  
29 and shall be known as the basic health plan self-insurance reserve  
30 account. The state investment board shall act as the investor for the  
31 funds and, except as provided in RCW 43.33A.160, one hundred percent of  
32 all earnings from these investments shall accrue directly to the basic  
33 health plan self-insurance reserve account.

34 (5) Any program created under this section shall be subject to the  
35 examination requirements of chapter 48.03 RCW as if the program were a  
36 domestic insurer. In conducting an examination, the commissioner shall  
37 determine the adequacy of the reserves established for the program.

1       (~~(5)~~) (6) The authority shall keep full and adequate accounts and  
2 records of the assets, obligations, transactions, and affairs of any  
3 program created under this section.

4       (~~(6)~~) (7) The authority shall file a quarterly statement of the  
5 financial condition, transactions, and affairs of any program created  
6 under this section in a form and manner prescribed by the insurance  
7 commissioner. The statement shall contain information as required by  
8 the commissioner for the type of insurance being offered under the  
9 program. A copy of the annual statement shall be filed with the  
10 speaker of the house of representatives and the president of the  
11 senate.

12       **Sec. 6.** RCW 43.79A.040 and 1998 c 268 s 1 are each amended to read  
13 as follows:

14       (1) Money in the treasurer's trust fund may be deposited, invested,  
15 and reinvested by the state treasurer in accordance with RCW 43.84.080  
16 in the same manner and to the same extent as if the money were in the  
17 state treasury.

18       (2) All income received from investment of the treasurer's trust  
19 fund shall be set aside in an account in the treasury trust fund to be  
20 known as the investment income account.

21       (3) The investment income account may be utilized for the payment  
22 of purchased banking services on behalf of treasurer's trust funds  
23 including, but not limited to, depository, safekeeping, and  
24 disbursement functions for the state treasurer or affected state  
25 agencies. The investment income account is subject in all respects to  
26 chapter 43.88 RCW, but no appropriation is required for payments to  
27 financial institutions. Payments shall occur prior to distribution of  
28 earnings set forth in subsection (4) of this section.

29       (4)(a) Monthly, the state treasurer shall distribute the earnings  
30 credited to the investment income account to the state general fund  
31 except under (b) and (c) of this subsection.

32       (b) The following accounts and funds shall receive their  
33 proportionate share of earnings based upon each account's or fund's  
34 average daily balance for the period: The Washington advanced college  
35 tuition payment program account, the agricultural local fund, the  
36 American Indian scholarship endowment fund, the basic health plan self-  
37 insurance reserve account, the Washington international exchange  
38 scholarship endowment fund, the energy account, the fair fund, the game

1 farm alternative account, the grain inspection revolving fund, the  
2 rural rehabilitation account, the stadium and exhibition center  
3 account, the youth athletic facility grant account, the self-insurance  
4 revolving fund, the sulfur dioxide abatement account, and the  
5 children's trust fund. However, the earnings to be distributed shall  
6 first be reduced by the allocation to the state treasurer's service  
7 fund pursuant to RCW 43.08.190.

8 (c) The following accounts and funds shall receive eighty percent  
9 of their proportionate share of earnings based upon each account's or  
10 fund's average daily balance for the period: The advanced right of way  
11 revolving fund, the advanced environmental mitigation revolving  
12 account, the federal narcotics asset forfeitures account, the high  
13 occupancy vehicle account, the local rail service assistance account,  
14 and the miscellaneous transportation programs account.

15 (5) In conformance with Article II, section 37 of the state  
16 Constitution, no trust accounts or funds shall be allocated earnings  
17 without the specific affirmative directive of this section.

18 NEW SECTION. **Sec. 7.** Sections 5 and 6 of this act expire January  
19 1, 2004.

--- END ---